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ROBINSON, MCFADDEN & MOORE, P.C.

COLUMBIA, SOUTH CAROLINA

November 18, 2009

**VIA ELECTRONIC FILING**

Mr. Charles Terreni, Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

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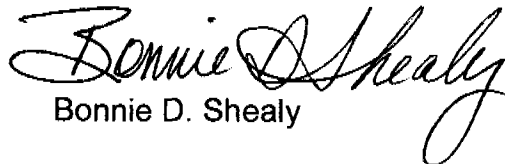
**Re: Cypress Communications Operating Co., LLC  
Docket No. 2009-410-C**

Dear Mr. Terreni:

We enclose for filing a motion for expedited review of the Application of Cypress Communications Operating Company, LLC for authority to provide local exchange telecommunications services in South Carolina. The verified testimony of Mr. Jack Harwood, Vice President and General Counsel, of Cypress is attached as one of the exhibits to the motion. Cypress is currently authorized to provide interexchange services in South Carolina. The South Carolina Telephone Coalition and the Office of Regulatory Staff do not object to the motion. We have signed a settlement agreement with the Office of Regulatory Staff that will be filed shortly. We respectfully request that the Commission use its discretionary authority to informally dispose of the proceeding without holding a formal hearing. If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

  
Bonnie D. Shealy

/bds  
Enclosures

cc/enc: David Butler, Commission Hearing Examiner (via email & U.S. Mail)  
Shealy Boland-Reibold, ORS Staff Attorney (via email & U.S. Mail)  
Margaret M. Fox, Esquire (via email & U.S. Mail)  
Mr. Jack Harwood, Vice President and General Counsel (via email)  
Mr. William Norton (via email)

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2009-410-C**

In the Matter of the Application of	)
	)
<b>CYPRESS COMMUNICATIONS</b>	)
<b>OPERATING COMPANY, LLC</b>	)
	)
For A Certificate Of Public Convenience And	)
Necessity To Provide Local Exchange	)
Telecommunications Services	)
And For Flexible Regulation	)
	)

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**MOTION FOR EXPEDITED REVIEW OF APPLICATION**

Cypress Communications Operating Company, LLC (“Cypress” or “Applicant”), hereby moves pursuant to 26 S.C. Reg. §103-829 and other applicable rules of practice and procedure of the Public Service Commission of South Carolina (“Commission”) that the Commission waive the requirement to hold a hearing to approve its Application for Authority to Provide Local Exchange Telecommunications Services within the State of South Carolina and for Flexible Regulation. Order No. 2003-145 in Docket No. 2002-252-C<sup>1</sup> authorized Cypress to provide interexchange telecommunications service in South Carolina. Cypress requests that the Commission use its discretionary authority to informally dispose of the proceeding without holding a formal hearing. In support of this motion, Cypress would show the following:

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<sup>1</sup> Cypress interexchange certification was cancelled pursuant to Order No. 2008-585 on August 21, 2008. Cypress’ request for reinstatement of its interexchange authority was granted by the Commission in Order No. 2009-649 on September 24, 2009.

1. As described in detail in the Application, Cypress seeks the Commission's approval for authority to provide local exchange telecommunications services in South Carolina and for flexible regulation.

2. The Applicant published notice of the filing of the application in area newspapers As required by the Commission. The deadline for filing petitions to intervene in the proceeding was November 9, 2009.

3. On or about November 9, 2009, the South Carolina Telephone Coalition intervened in the proceeding. The South Carolina Telephone Coalition and Cypress agreed to a stipulation which is attached and incorporated by reference as Exhibit 1. As a result of the Stipulation the South Carolina Telephone Coalition does not oppose the application or the motion for expedited review.

4. The Office of Regulatory Staff requested that Cypress make certain revisions to its proposed tariff which Cypress has agreed to make. A summary of the tariff revisions is attached and incorporated by reference as Exhibit 2. The Office of Regulatory Staff has indicated that it does not oppose the application and has consented to the motion. No other comments or petitions to intervene have been filed.

5. Attached to this motion as Exhibit 3 is the verified testimony of Jack Harwood. This testimony supports and further describes Cypress' plan to provide local exchange telecommunications services in South Carolina.

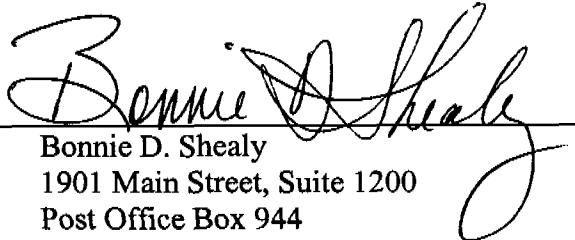
6. Cypress was authorized to provide interexchange telecommunications service in South Carolina pursuant to Order No. 2003-145 in Docket No. 2002-252-C. Cypress' interexchange certification was cancelled pursuant to Order No. 2008-585 on August 21, 2008. Reinstatement of its interexchange authority was granted by the Commission in Order No. 2009-649 on September 24, 2009.

WHEREFORE, Cypress Communications Operating Company, LLC respectfully requests the Commission waive its hearing requirement since Cypress is already certificated to provide interexchange service and approve the application for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services within the State of South Carolina and for Flexible Regulation.

Dated this 18 day of November, 2009.

Respectfully submitted,

ROBINSON, MCFADDEN & MOORE, P.C.

By   
Bonnie D. Shealy  
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Attorneys for Cypress Communications Operating  
Company, LLC

**BEFORE  
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**DOCKET NO. 2009-410-C**

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Telecommunications Services )  
And For Flexible Regulation )  
 )

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**EXHIBIT 1**

**STIPULATION BETWEEN  
CYPRESS COMMUNICATIONS OPERATING COMPANY, LLC  
AND THE S.C. TELEPHONE COALITION**

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2009-410-C

Re: Application of Cypress Communications )  
Operating Company, L.L.C. for a Certificate )  
of Public Convenience and Necessity to Provide )  
Local Exchange Telecommunications Services )  
in the State of South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Cypress Communications Operating Company, L.L.C. ("Cypress Communications") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Cypress Communications' Application. SCTC and Cypress Communications stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Cypress Communications, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.
2. Cypress Communications stipulates and agrees that any Certificate which may be granted will authorize Cypress Communications to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.
3. Cypress Communications stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Cypress Communications stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Cypress Communications provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Cypress Communications acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Cypress Communications stipulates and agrees that, if Cypress Communications gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Cypress Communications will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Cypress Communications acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Cypress Communications, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Cypress Communications agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

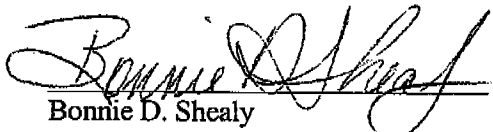
9. Cypress Communications hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 13<sup>th</sup> day of November,

2009.

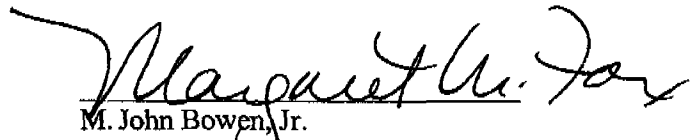
Cypress Communications Operating  
Company, L.L.C.

South Carolina Telephone Coalition:



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Attorneys for Applicant Cypress  
Communications Operating  
Company, L.L.C.



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Attorneys for the South Carolina Telephone  
Coalition



**BEFORE  
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And For Flexible Regulation	)
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**EXHIBIT 2**

**OFFICE OF REGULATORY STAFF'S  
PROPOSED TARIFF REVISIONS**

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

1441 Main Street, Suite 300  
Columbia, SC 29201



DAN E. ARNETT  
CHIEF OF STAFF

Phone: (803) 737-0300  
Fax: (803) 737-0301

**Recommendations for Cypress Communications Operating Company Local Exchange  
Tariff**

**Original Title Page:** The Company should include its regulatory contact phone number/email address on the title page or alternatively within the footer.

**Explanation of Terms**

**Original Page No. 12:** The Company should include the following definition—"ORS The South Carolina Office of Regulatory Staff."

**1—Application of Tariff**

--There are no recommendations for Section 1.

**2—General Rules and Regulations**

**Original Page No. 36 2.3.5.A:** The Company should modify the paragraph to conform to 26 S.C. Code Regs. 103-622.2. Suggested language—"A maximum of one and one half percent (1 ½ %) may be added to any unpaid balance brought forward from the previous billing date to cover the cost of collection and carrying accounts in arrears. This method of late payment charge will be made in lieu of any other penalty."

**Original Page No. 37 2.3.6.B.2:** There is a typo in line 3—"char4ged"

**3—Connection Charges**

--There are no recommendations for Section 3.

**4—Supplemental Services**

**Original Page No. 56 4.6.3:** The Company should modify the sentence as follows—"Unless one of the exceptions listed above applies, the charges as shown in 11.2 apply for each request made to the Directory Assistance operator."

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

1441 Main Street, Suite 300  
Columbia, SC 29201



DAN F. ARNETT  
CHIEF OF STAFF

Phone: (803) 737-0300  
Fax: (803) 737-0301

### 5—Basic Line Service

**Original Page No. 60 5.2:** The Company should include current and maximum rates for Service Features (There appears to be no charges for these services within the rate section)

**Original Page No. 61 5.3:** The Company should include current and maximum rates for Service Features (There appears to be no charges for these services within the rate section)

### 6—Product Descriptions

--There are no recommendations for Section 6.

### 7—Special Services and Programs

--There are no recommendations for Section 7.

### 8—Special Arrangements

--There are no recommendations for Section 8.

### 9—Directory Service

--There are no recommendations for Section 9.

### 10—Service Areas

--There are no recommendations for Section 10.

### 11—Rates Schedule

**Original Page No. 79 11.1:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 80 11.2:** The Company should include maximum rates in addition to the current rates for all services.



**Original Page No. 82 11.6:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 82 11.7:** The Company's maximum rate is defined by S.C. Code § 34-11-70 (\$30.00).

**Original Page No. 82 11.8:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 82 11.10.A.i:** The Company should remove "gross receipts" from the list of recoverable taxes (per Commission Order)

**Original Page No. 83 11.11.A:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 84 11.11.A(cont):** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 84 11.11.C:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 85 11.12.A:** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 86 11.12.A(cont):** The Company should include maximum rates in addition to the current rates for all services.

**Original Page No. 86 11.12.C:** The Company should include maximum rates in addition to the current rates for all services.

***Additional Recommendations for the Local Exchange Tariff***

- 1) The Company may be required to file a bond in order for the Company to comply with new 26 S.C. Code Regs. 103-607.
- 2) If the Company charges any installation, connection, maintenance, or termination charges, etc. (in addition to the services listed in the tariff), these additional charges and the descriptions of the charges should be listed in the tariff with their current and maximum rates.

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

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- 3) **The Company is applying for Flexible Regulation. Therefore, the Company will include maximum rates as well as current rates for all services within the Local Exchange Tariff.**
- 4) **The Company should also provide tariffs and tariff revisions to the South Carolina Public Service Commission as well as the South Carolina Office of Regulatory Staff (26 S.C. Code Regs. 103-629).**
- 5) **The Company should include language as it relates to Marketing Practices (SC PSC Order No. 95-658).**

As a telephone utility under the regulation of the Public Service Commission of South Carolina, the Company hereby asserts and affirms that as a reseller of intrastate telecommunications service, the Company will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and the Company will comply with those marketing procedures, in any, set forth by the Public Service Commission. Additionally, the Company will be responsible for the marketing practices of its contracted telemarketers for compliance with this provision. The Company understands that violation of this provision could result in a rule to Show Cause as to the withdrawal of its certification to complete intrastate telecommunications traffic within the state of South Carolina. (Commission Order No. 95-658)

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**EXHIBIT 3**

**VERIFIED TESTIMONY OF JACK HARWOOD  
ON BEHALF OF  
CYPRESS COMMUNICATIONS OPERATION COMPANY, LLC**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
Docket No. 2009-410-C**

In the Matter of the Application of )

**CYPRESS COMMUNICATIONS )  
OPERATING COMPANY, LLC )**

For A Certificate Of Public Convenience )  
And Necessity To Provide Local Exchange )  
Telecommunications Services )  
And For Flexible Regulation )

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**TESTIMONY OF JACK HARWOOD  
ON BEHALF OF  
CYPRESS COMMUNICATIONS OPERATING COMPANY, LLC**

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE  
2 RECORD.

3 A. Jack Harwood, Vice President and General Counsel, Cypress Communications, Inc., 3565  
4 Piedmont Road, Suite 600, Atlanta, Georgia 30305.

5 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

6 A. As General Counsel for Cypress, I am responsible for supervising all of the legal work for the  
7 company. I advise my company clients in connection with the negotiation of our large  
8 customer contracts, ensuring federal and state regulatory compliance, handling litigation  
9 matters with outside counsel, providing guidance on human resources issues, reviewing real  
10 estate leases, and protecting the company's intellectual property. My area of responsibility  
11 also includes working closely with our folks who are involved in Carrier Management, such  
12 as interconnection negotiations, contract negotiations, and vendor relations.

13 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND  
14 EXPERIENCE.

15 A. I have twenty-four years of experience working as an attorney in the telecommunications  
16 industry. I have two years of experience working as General Counsel for Cypress  
17 Communications. Prior to my position at Cypress, I had twenty-two years of experience  
18 (1985-2007) as in-house counsel at BellSouth Corporation in the areas of corporate,  
19 regulatory, tax, and mergers and acquisitions law. My experience includes representing  
20 BellSouth Corporation in a wide variety of domestic and international transactions, including  
21 mergers, acquisitions, dispositions, joint ventures, venture capital investments, intellectual  
22 property licensing, and other complex commercial transactions. I have also acted as lead in-  
23 house counsel for BellSouth International in its pursuit of cellular opportunities and forming  
24 wireless joint ventures outside of the United States.



1 Q. ARE YOU FAMILIAR WITH THE APPLICATION YOUR COMPANY SUBMITTED TO  
2 THIS COMMISSION?

3 A. Yes.

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

5 A. The purpose of my testimony is to present evidence in support of the application of Cypress  
6 Communications Operating Company, LLC ("Cypress" or the "Applicant") to provide  
7 competitive local exchange telecommunications services in South Carolina. My testimony  
8 addresses our practices and proposed services and demonstrates that Cypress possesses the  
9 financial, technical, managerial, and operational capabilities to provide local services in the  
10 State. I incorporate by reference the application and its attached exhibits.

11 Q. IS YOUR COMPANY REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?

12 A. Yes.

13 Q. ARE YOU CERTIFICATED TO PROVIDE INTEREXCHANGE SERVICES IN SOUTH  
14 CAROLINA?

15 A. Yes, the Commission granted Cypress a Certificate of Public Convenience and Necessity to  
16 provide resold interexchange telecommunications services in South Carolina on March 17,  
17 2003 in Order No. 2003-145). As the result of the Office of Regulatory Staff's ("ORS")  
18 petition to revoke the certificates of certain telecommunications providers for failure to file  
19 annual reports, Cypress requested that its interexchange certificate be cancelled since the  
20 Company had no customers in South Carolina. Cypress subsequently submitted its Annual  
21 Report to ORS and requested that its interexchange certificate be reinstated. The  
22 Commission granted the request and reinstated the interexchange certificate in Order No.  
23 2009-649.

24 Q. PLEASE DISCUSS THE MANAGERIAL ABILITY OF CYPRESS COMMUNICATIONS

1 TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA.

2 A. Mr. Schilling, the President and Chief Executive Officer, has over twenty years of experience  
3 in the telecom and data communications industry where he has specialized in turnarounds,  
4 start-ups and managing high-growth firms. Scott Drake, our Chief Financial Officer, also  
5 brings more than 20 years of telecommunications experience in both private and public  
6 companies, including CFO roles at five private telecom ventures over the last 15 years. Jorge  
7 L. Rosado, Frank Grillo, Ray Johnson, Mark Herold, Dale Bennett, and Michael Blair also  
8 have extensive experience in various aspects of the telecommunications industry (marketing,  
9 sales, human resources, and field operations). The management resumes submitted as Exhibit  
10 2 of the Application provide more detail regarding the management team's ability and  
11 experience in the telecommunications industry.

12 Q. DESCRIBE CYPRESS'S FINANCIAL ABILITY TO OPERATE AS A  
13 TELECOMMUNICATIONS CARRIER.

A14 Cypress has the infrastructure, cash flow and capability to support our growth objectives  
15 including the proposed local services in South Carolina. The Company has an excellent  
16 equity sponsor with our shareholder, Arcapita, Inc. ([www.arcapita.com](http://www.arcapita.com)). Over the past few  
17 years, Cypress has invested over \$20 million in technology and infrastructure, including a  
18 nationwide VoIP network, to support the Company's growth plans. In support of our  
19 financial ability, copies of our parent company's financial statements were submitted as  
20 Exhibit 3 of the Application and filed under seal.

21 Q. PLEASE DESCRIBE THE OPERATIONS OF THE COMPANY AND THE SERVICES  
22 IT PROPOSES TO OFFER IN SOUTH CAROLINA.

23 A. Cypress has a solid twenty-year history as a communication services provider operating in  
24 forty states, with a customer base of approximately 6,000 subscribers. Today, the Company

1 is the dominant provider of managed hosted communications services to small- and medium-  
2 sized businesses (SMBs) in the United States. Over half of our customer base is composed  
3 of professional services firms. Cypress operates the largest hosted IP installation for a single  
4 customer (2500+ seats) across ten locations. In addition, Cypress was recently awarded a  
5 contract for the voice and data business of another large US- based law firm that will exceed  
6 2400 seats. Our voice communications products have been recognized with over sixteen  
7 product awards in the last year, and our technology is clearly setting market-level  
8 expectations for managed and hosted communications services provided to SMBs. Cypress  
9 proposes to provide comprehensive phone, voice, data and Internet communications services  
10 in South Carolina.

11 Q. HAS THE COMPANY EXECUTED A STIPULATION WITH THE SOUTH CAROLINA  
12 TELEPHONE COALITION (SCTC)?

13 A. Yes, Cypress executed the SCTC Stipulation on November 12, 2009.

14 Q. WHAT FACILITIES WILL CYPRESS USE TO PROVIDE ITS PROPOSED LOCAL  
15 TELECOMMUNICATIONS SERVICES?

16 A. Cypress will use its network described below. In addition, Cypress will employ leased line  
17 facilities (e.g., T-1s) from the incumbent carrier. Cypress will also resell FB lines.

18 Q. DOES YOUR COMPANY OWN ANY NETWORK SWITCHES OR TRANSMISSION  
19 FACILITIES?

20 A. Yes, Cypress has two Nortel Communication Server 2000 (CS2K) switches, which form the  
21 core of our network. One CS2K is deployed in Dallas, Texas, while the other CS2K is  
22 located in Chicago, Illinois. Each CS2K is a Nortel carrier-grade VoIP softswitch. In  
23 addition, Cypress has a Broadsoft platform softswitch and a Nortel Multimedia  
24 Communications Server 5200 (MCS) deployed in its core VoIP network. The Broadsoft and

1 MCS switches are located in Atlanta, Georgia.

2 Q. WHICH CARRIER OR CARRIERS SERVE AS YOUR UNDERLYING CARRIER FOR  
3 INTEREXCHANGE SERVICES?

4 A. Verizon Business, AT&T, and Level 3 Communications are our primary carriers, but Cypress  
5 also does business with a multitude of local carriers.

6 Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH INCUMBENT LECS IN  
7 SOUTH CAROLINA?

8 A. Yes, we have Interconnection Agreements in place with AT&T and Verizon, both of which  
9 provide service in South Carolina.

10 Q. HOW WILL CYPRESS BILL FOR ITS SERVICES?

11 A. Customer invoicing begins when the services are installed. Services subject to recurring  
12 charges are invoiced monthly, thirty (30) days in advance, while usage-based services are  
13 invoiced monthly in arrears. Each customer is given the option to receive a paper invoice or  
14 a PDF invoice via electronic access to the Cypress customer portal (Connexion).

15 Q. DOES THE COMPANY OFFER A DEBIT OR PREPAID CALLING CARD?

16 A. No.

17 Q. HOW WILL CYPRESS MARKET ITS SERVICES?

18 A. Initially, Cypress will offer its voice and data services to small- and medium-sized business  
19 customers located in major markets throughout South Carolina.

20 Q. DOES CYPRESS USE TELEMARKETING AS A METHOD FOR SELLING ITS  
21 SERVICES?

22 A. No.

23 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

24 A. We have twenty-seven people in our Customer Care organization, which is led by Mr. Grant

1 Williams, Director of Customer Support. Our Customer Care web page can be found at  
2 <http://cypresscom.net/customer-care>. Customers may submit inquiries and disputes to  
3 Cypress by email ([support@cypresscom.net](mailto:support@cypresscom.net)) or by calling our toll-free number for customer  
4 support: 888-528-1788.

5 Q. WHO IS THE CONTACT PERSON AT THE COMPANY THAT THE COMMISSION OR  
6 OFFICE OF REGULATORY STAFF SHOULD CONTACT REGARDING CUSTOMER  
7 COMPLAINTS OR REGULATORY ISSUES?

8 A. For regulatory issues, our contact is Ms. Ann Jackson. Her address is Cypress  
9 Communications, Inc., 3565 Piedmont Road, Suite 600, Atlanta, Georgia 30305, and her  
10 telephone number is 404-442-0202. Her email address is [anjackson@cypresscom.net](mailto:anjackson@cypresscom.net). For  
11 customer complaints, our contact is Mr. Grant Williams at the same address. His telephone  
12 number is 404-442-0113, and his email address is [grwilliams@cypresscom.net](mailto:grwilliams@cypresscom.net).

13 Q. IN WHAT OTHER STATES HAS CYPRESS RECEIVED AUTHORITY TO PROVIDE  
14 SERVICES?

15 A. Cypress is currently certificated in these states: Alabama, Arizona, California, Colorado,  
16 Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Louisiana,  
17 Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Oregon,  
18 Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington and Wisconsin.

19 Q. WHERE DOES CYPRESS CURRENTLY HAVE APPLICATIONS PENDING TO  
20 PROVIDE SERVICES?

21 A. Cypress does not have any applications pending in other states.

22 Q. HAS CYPRESS EVER BEEN DENIED CERTIFICATION IN ANOTHER STATE?

23 A. No.

24 Q. HAS CYPRESS EVER BEEN SUBJECT TO ANY FEDERAL OR STATE

1 INVESTIGATION REGARDING ITS SERVICES?

2 A. Yes, in the states of Washington and Oregon. The state of Washington imposed a \$100 fine  
3 because Cypress was late filing its audited financial statements for 2008. Cypress is currently  
4 in good standing with the Washington Secretary of State and the Utilities and Transportation  
5 Commission.

6 Q. WHAT HAPPENED IN OREGON?

7 A. In 2004 our Oregon certificate was cancelled for failure to pay universal service fund  
8 assessments on a timely basis. In 2007, there was a proceeding in Oregon for failure to pay  
9 the annual fee statement on a timely basis. These issues have been remedied and Cypress is  
10 currently in good standing with the Secretary of State and the Public Utility Commission in  
11 the State of Oregon.

12 Q. PLEASE EXPLAIN WHAT HAPPENED AND THE STEPS TAKEN BY THE COMPANY  
13 TO CORRECT THESE ISSUES.

14 A. Cypress understands the importance of timely compliance. Unfortunately, in past years,  
15 Cypress has experienced some internal lack of cohesion resulting from major changes in  
16 ownership and management structure. Cypress underwent a change in ultimate ownership on  
17 June 30, 2005. While the intent and expectation was that there would be no adverse effects  
18 upon internal functions within Cypress, there has been a certain amount of turnover and  
19 change of strategic direction resulting from management changes and shifting operational  
20 focus. Certainly, there had not been an adequate commitment of resources to the  
21 requirements of regulatory compliance during this time.

22 New senior management was brought into Cypress in July of 2007, which made a

1 fundamental commitment to ensure proper regulatory compliance. In April of 2008, Cypress  
2 hired me as Vice President and General Counsel, with a mandate to get things back on track.

3 As I indicated earlier in my testimony, I came to Cypress from BellSouth Corporation, where  
4 I spent more than twenty years as Mergers & Acquisition Counsel. As such, I understand the  
5 importance of regulatory compliance and am committed to bringing Cypress up to speed. To  
6 that end, I hired a paralegal (Ann Jackson) who is dedicated full-time to assist with the  
7 Company's regulatory compliance. Ms. Jackson and I are actively reworking the internal  
8 regulatory approach at Cypress to achieve and sustain efficiency.

9 Cypress also retained an outside consulting firm (Huron Consulting) to evaluate  
10 Cypress's regulatory, tax and accounting compliance systems. In addition, one of the  
11 Company's law firms, Kelley Drye & Warren in Washington DC, has been tasked with  
12 providing compliance assistance, both to identify the full scope and specific details of the  
13 Company's regulatory obligations and to serve Cypress as a second line of vigilance  
14 regarding regulatory compliance. With these measures in place, Cypress is committed to  
15 maintaining its upcoming compliance obligations fully, both in South Carolina and in the  
16 other jurisdictions where it operates.

17 Q. WHY IS THE COMPANY SEEKING EXEMPTIONS FROM ANY RULES REQUIRING  
18 THAT ITS BOOKS BE KEPT IN CONFORMANCE WITH THE UNIFORM SYSTEM OF  
19 ACCOUNTS?

20 A. The USOA was developed by the Federal Communications Commission as a means of  
21 regulating telecommunications companies subject to rate base regulation. As a competitive  
22 carrier, Applicant will not be subject to rate base regulation and therefore requests  
23 Commission approval for Applicant to maintain its books in accordance with Generally

1 Accepted Accounting Principles ("GAAP").

2 Q. WHY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOUR  
3 BOOKS AND RECORDS BE KEPT IN SOUTH CAROLINA PURUSANT TO 26 REGS.  
4 103-610?

5 A. Applicant's principal office is located in Atlanta, Georgia, and in the absence of such a  
6 waiver, Applicant would have to assume additional expenses to maintain records and reports  
7 in an office in South Carolina. Applicant will maintain the required records at its  
8 headquarters and will make them available to the Commission and ORS upon request.

9 Q. WHAY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOU  
10 PUBLISH A LOCAL EXCHANGE DIRECTORY?

11 A. We will make arrangements with the incumbent local exchange carriers to include the names  
12 of our customers in the directories they publish. These directories will be distributed to our  
13 customers.

14 Q. HAS THE COMPANY SOUGHT A WAIVER OF ANY OTHER COMMISSION  
15 REGULATIONS?

16 A. Yes, we requested a waiver of 26 S.C. Regs. 103-612.2.3, the requirement to file operating  
17 maps with the Commission since we seek statewide certification.

18 Q. IN YOUR OPINION, WOULD THE ISSUANCE OF A CERTIFICATE TO CYPRESS BE  
19 IN THE PUBLIC INTEREST?

20 A. Yes, approval of our Application will further the public interest by expanding the availability  
21 to South Carolina consumers of technologically advanced telecommunications facilities and  
22 services. Cypress's presence in the market will afford consumers an additional choice of  
23 local exchange service providers. The public will benefit both directly, through the use of



1 the high-quality and reliable services offered by Cypress, and indirectly because the  
2 expanded presence of Cypress in the market will increase the incentives for other  
3 telecommunications providers to operate more efficiently, offer more innovative services,  
4 reduce their prices, and improve their quality of service. Grant of this Application is  
5 therefore in the public interest because it will enhance further the service options available to  
6 South Carolina citizens.

7 Q. WILL THE SERVICE YOUR COMPANY INTENDS TO PROVIDE MEET THE  
8 SERVICE STANDARDS OF THE COMMISSION?

9 A. Yes.

10 Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE AVAILABILITY  
11 OF AFFORDABLE LOCAL EXCHANGE SERVICE?

12 A. No.

13 Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE TELEPHONE  
14 SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE COMMISSION?

15 A. Yes.

16 Q. WILL THE SERVICE YOUR COMPANY INTENDS TO PROVIDE MEET THE  
17 SERVICE STANDARDS OF THE COMMISSION?

18 A. Yes.

19 Q. IS CYPRESS REQUESTING RELAXED REGULATORY TREATMENT?

20 A. Yes. We will be a non-dominant, competitive provider of local exchange  
21 telecommunications services. Therefore, we request that the Commission regulate our  
22 company in the same relaxed fashion authorized in Order No. 98-165 in Docket No. 97-467-  
23 C and extended to other similarly situated carriers. We understand that this flexible  
24 regulatory treatment requires that we file maximum rates for our service offerings. Local

1           tariff filings would be presumed valid once they are filed subject to the Commission's right  
2           to investigate the filing within thirty days.

3    Q.     DOES THIS CONCLUDE YOUR TESTIMONY?

4    A.     Yes.

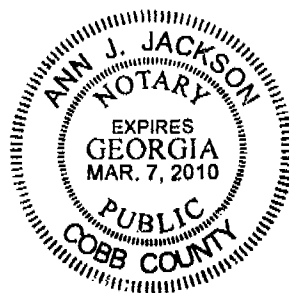
VERIFICATION

Jack Harwood, being first duly sworn on oath, deposes and states that he is duly elected Vice President and General Counsel of Cypress Communications, and that he has read the above and foregoing testimony and knows the contents thereof, and that the same are true to the best of his knowledge, information, and belief.

By: Jack Harwood  
Its: Vice President + General Counsel

Subscribed and sworn to before me this  
13<sup>th</sup> Day of November, 2009.

Ann J. Jackson  
Notary Public for  
My Commission Expires: 3/7/10



**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2009-410-C**

**In Re:** )  
**Application of Cypress Communications** )  
**Operating Company, LLC for a** )  
**Certificate of Public Convenience and** )  
**Necessity to Provide Local Exchange** )  
**Telecommunications Services and for** )  
**Flexible Regulation** )

**CERTIFICATE OF SERVICE**

This is to certify that I, Leslie Allen, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Motion for Expedited Review of the Application** in the foregoing matter by email and by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Shealy Boland-Reibold, Esquire  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29201

Margaret M. Fox, Esquire  
McNair Law Firm  
P.O. Box 11390  
Columbia, SC 29211

Dated this 18<sup>th</sup> day of November, 2009.



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Leslie Allen